



SECTION 11

Deferred Maintenance Backlog Reduction Plans For Capital Preservation Projects

Delivery of state government services happens through adequately maintained and preserved public facilities. The general public expects their public facilities to be well maintained for their use. The Governor and Legislature, working in concert, make every effort to provide appropriate financial and human resources.

A deferred maintenance backlog reduction plan for facility preservation is an action plan that offsets deterioration, restores facilities and systems to their intended purpose, and extends the expected useful life of the asset. Continued deferral of maintenance work results in the progressive deterioration of the facility or system condition and its performance; and, if not eventually addressed, will significantly increase restoration cost.

11.1 Maintenance Backlog Reduction Plans



Deferred maintenance backlog reduction plans have several goals:

- Promote proper preservation of state facilities
- Ensure maintenance is not reduced during an era of decreasing resources
- Identify and prioritize maintenance to best utilize resources
- Decrease deferral of maintenance so capital renewal is not required to restore a facility to its service delivery condition
- Establish quality standards for maintenance appropriate to the agency and the facility's intended use

Deferred maintenance backlog reduction plans for capital budget facility and infrastructure preservation projects define project specific multi-year budget requests to address the deferred preservation needs of an agency (or institution). The projects proposed for funding in each funding cycle will be based on the commonly accepted statewide definition of deferred preservation (see *Glossary*) adopted by OFM. Projects will be drawn from the priority ordered requests by the owner agencies. Prioritization criteria will be developed by the agency and will respond to agency needs, programs, and activities or services provided by the facilities. These criteria shall be clearly identified. The elements of work in each of the specified projects may be based on the results of a formal process of facility evaluation (assessment or audit process), or may reflect the best judgment of agency management.

Agencies will structure their capital preservation project lists based on their own tracking systems and procedures. The project list may be subdivided into categories based on individual agency needs and approaches; projects may be grouped into categories defined by the agency; or projects may be listed individually. Whatever format is chosen by the agency, it should allow for a clear understanding of the project (or types of projects) proposed for completion in each time period in priority order. There must be an obvious link between the projects in the preservation lists and the deferred maintenance backlog reduction plan.

11.2 Action Plan

Agencies should conduct formal facility assessments

Agencies should conduct formal facility assessments or audits to provide a framework for developing a long-term plan to meet their deferred facility and infrastructure needs. A comprehensive approach would include the following activities:

- An overall goal statement from the agency's strategic plan that addresses the backlog of facility preservation and the corresponding approach to accomplish this goal.
- Identify specific facility or infrastructure deficiencies in a manner that is updated and consistent over time.
- Rate and rank facility and infrastructure preservation needs according to physical condition and performance. Identify facilities or systems that should be abandoned.
- Define specific capital preservation projects ranked in priority order that reduce the amount of deferred preservation.
- Develop cost estimates for these capital preservation projects.
- Prepare a schedule for completing projects over a reasonable period that balances the opportunity to improve and preserve facilities with the realities of fiscal constraints, availability of agency resources to manage preservation projects, and the ability to remove facilities from service or operation while the improvements are being completed.
- Identify revenue sources and timing of expenditures that are dedicated to deferred maintenance backlog reduction.
- Specify appropriate ongoing maintenance activities, funded in the operating budget, that keep facilities and systems at acceptable levels of performance.

11.3 Implementation Strategy



Agencies will submit a short summary in a prescribed format (see Appendix D) describing their deferred maintenance backlog reduction plan as part of the capital budget request. In their response, agencies will summarize actions taken to develop the plan, the relative size of their maintenance backlog, what is being done to ensure that further deterioration does not take place, the proposed time period to reduce or control the backlog, and the proposed total request for each of the next five biennia. Project lists for the 2005-07 Biennium are not required but could be submitted as an attachment to this narrative.

Preservation projects proposed by the agency in their capital budget request must have a direct and obvious correlation to their deferred maintenance backlog reduction plan.

The Governor and Legislature will make capital budget funding decisions based on the content of agency backlog reduction plans and the resources available for expenditure. Backlog reduction plans clearly complement other efforts across state government to tie funding decisions to clear expectations of results (performance measures and budgeting, outcome measures, strategic plans). Continued emphasis on improving long-term agency capital planning will make the development and updates to a deferred maintenance backlog reduction plan an expected part of the capital budgeting process.

11.4 Integration with Operating Budget Maintenance Program

Agencies must coordinate the cost of ongoing maintenance in their operating budget with preservation projects in the capital budget that reduce deferred maintenance backlogs. It is imperative that maximum return be achieved on capital investments in upgrading and preserving facilities. This can only be accomplished if the upgraded facilities receive an adequate level of ongoing maintenance. The maintenance system and approaches developed and managed by each owner agency shall recognize the wide variety of state facilities and how they are used. Agencies will determine user schedules and needs, program changes, availability of maintenance skills and materials, best and most appropriate practices, and financial strategies.

Any maintenance backlog should be carefully monitored by the owner agency, with summary data and a reduction plan furnished to OFM as part of the budget review process. OFM will coordinate capital budget funding efforts to reduce the backlog of facility preservation needs with an ongoing commitment to adequate levels of maintenance in the agency operating budgets.